At the trial to determine just compensation for the taking, the expert opinions as to value covered a wide range. Witnesses for petitioner estimated that the market value was in the neighborhood of $5,000,000.00, of which $1,000,000.00 was allocated to the land (R. 115-116, 411, 438). Considering that the building was ideally situated in close proximity to some of the largest industrial centers in New York City (R. 412-413, 437-438), they assumed that the building could be readily rented in units of entire floors with the owner to operate, and estimated that the average rental over a period of from 20 to 30 years would be $775,000.00 per annum, or approximately $1.13 per square foot (R. 80, 85-86, 109-110, 132, 418-419, 438-439). In arriving at this average rental, they assumed that in 1947, and for some years thereafter, rentals as high as $2.00 per square foot could be obtained through the arbitration procedure under the emergency rent law (R. 80, 85-87, 109, 128, 131-132). Their estimates as to the market value of the fee were reached solely by capitalizing the estimated net income (R. 418-422, 439-440).

The principal government witness disagreed with each of the basic assumptions advanced by petitioner's witnesses. In his opinion, the proximity of the ladies' garment district and fur district would have no effect on the rentability or value of the building because of the custom in the various industries of confining themselves within

closely defined areas (R. 197-199, 202-205, 250-251). He considered that the immediate neighborhood was nondescript and blighted, a condition which only complete rehabilitation could cure (R. 197, 204-205), and that the rental demand would be for small units, the providing of which would result in considerable loss of rental space (R. 207-208, 272).

He felt that capitalization of rental income, normally the best indicator of value of commercial properties, was of secondary importance in 1947 because of a lack of stability in rentals and maintenance costs (R. 208-210, 252-260, 290-291, 299-300, 388-389). As to the stability of rents, he testified (R. 209):[1]

> * * * I believe the capitalization of income would be purely secondary today because you have not the stability of rents, you have rents of $1.25, $1.50 and $1.75. Now that is true, they were that much. Now I have rents, your Honor, on the same block at 45 cents, 58 cents and 60 cents—people who were willing to sit tight and take advantage of the rent laws, they paid the lower rents.
>
> The people who needed space very badly and were compelled to resort to so-called arbitra-

[1] This testimony is quoted in full because in the Petition (Pet. 4, 19) it is partially quoted as evidence of a concession that the rental potential was from $1.25 to $1.75 per square foot.